

103D CONGRESS
1ST SESSION

S. 739

To amend the Internal Revenue Code of 1986 to simplify the limitation on using last year's taxes to calculate an individual's estimated tax payments.

IN THE SENATE OF THE UNITED STATES

APRIL 2 (legislative day, MARCH 3), 1993

Mr. BUMPERS introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to simplify the limitation on using last year's taxes to calculate an individual's estimated tax payments.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SIMPLIFICATION OF INDIVIDUAL ESTIMATED**
4 **TAX SAFE HARBOR BASED ON LAST YEAR'S**
5 **TAX.**

6 (a) IN GENERAL.—Paragraph (1) of section 6654(d)
7 of the Internal Revenue Code of 1986 (relating to amount
8 of required estimated tax installments) is amended by
9 striking subparagraphs (C), (D), (E), and (F) and by in-
10 serting the following new subparagraph:

1 “(C) LIMITATION ON USE OF PRECEDING
2 YEAR’S TAX.—

3 “(i) IN GENERAL.—In any case to
4 which this subparagraph applies, clause (ii)
5 of subparagraph (B) shall be applied by
6 substituting ‘110 percent’ for ‘100 per-
7 cent’.

8 “(ii) CASES TO WHICH THIS SUBPARA-
9 GRAPH APPLIES.—This subparagraph shall
10 apply if—

11 “(I) the adjusted gross income
12 shown on the return of the individual
13 for the preceding taxable year exceeds
14 the amount of the adjusted gross in-
15 come shown on the return of the indi-
16 vidual for the second preceding tax-
17 able year by more than \$40,000
18 (\$20,000 in the case of a married in-
19 dividual filing a separate return for
20 the preceding taxable year), and

21 “(II) the adjusted gross income
22 shown on the return of the individual
23 for the preceding taxable year exceeds
24 \$150,000 (\$75,000 in the case of a
25 married individual filing a separate

1 return for the preceding taxable
2 year).”.

3 (b) CONFORMING AMENDMENTS.—

4 (1) Subparagraph (A) of section 6654(j)(3) is
5 amended by striking “and subsection (d)(1)(C)(iii)
6 shall not apply”,

7 (2) Paragraph (4) of section 6654(l) is amend-
8 ed by striking “paragraphs (1)(C)(iv) and (2)(B)(i)
9 of subsection (d)” and inserting “subsection
10 (d)(2)(B)(i)”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 December 31, 1993.

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